

House Study Bill 612 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED ECONOMIC
DEVELOPMENT AUTHORITY BILL)

A BILL FOR

1 An Act relating to the programs and duties of the economic
2 development authority and including effective date
3 provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

LIFE CYCLE COST ANALYSES

Section 1. Section 470.1, Code 2016, is amended by adding the following new subsection:

NEW SUBSECTION. 01. "*Addition*" means new construction equal to or greater than twenty thousand square feet of usable floor space that is heated or cooled by a mechanical or electrical system and is joined to an existing facility.

Sec. 2. Section 470.1, subsections 6, 7, and 10, Code 2016, are amended to read as follows:

6. "*Facility*" means a building having twenty thousand square feet or more of usable floor space that is heated or cooled by a mechanical or electrical system ~~or any building, system, or physical operation which consumes more than forty thousand British thermal units (BTUs) per square foot per year.~~

7. "*Initial cost*" means the moneys required for the capital construction or renovation of a facility or the construction of an addition.

10. "*Renovation*" means a project where ~~additions or~~ alterations, that are not additions, to an existing facility exceed fifty percent of the value of a facility and will affect an energy system.

Sec. 3. Section 470.2, Code 2016, is amended to read as follows:

470.2 Policy — analysis required.

The general assembly declares that energy management is of primary importance in the design of publicly owned facilities. ~~Commencing January 1, 1980~~ On or after the effective date of this division of this Act, a public agency responsible for the construction or renovation of a facility or the construction of an addition shall, in a design begun after that date, include as a design criterion the requirement that a life cycle cost analysis be conducted for the facility. The objectives of the life cycle cost analysis are to optimize energy efficiency at an acceptable life cycle cost. The life cycle cost analysis

1 shall meet the requirements of [section 470.3](#).

2 Sec. 4. Section 470.3, subsection 2, Code 2016, is amended
3 to read as follows:

4 2. A public agency or a person preparing a life cycle cost
5 analysis for a public agency shall ~~consider the methods and~~
6 ~~analytical models provided by the authority and available~~
7 ~~through the commissioner, which are suited to the purpose~~
8 ~~for which the project is intended. Within sixty days of~~
9 ~~final selection of a design architect or engineer, a public~~
10 ~~agency, which is also a state agency under [section 7D.34](#), shall~~
11 ~~notify the commissioner and the authority of the methodology~~
12 ~~to be used to perform the life cycle cost analysis, on forms~~
13 ~~provided by the authority~~ use the methodology set forth in the
14 guidelines established, by rule, by the commissioner.

15 Sec. 5. Section 470.4, Code 2016, is amended to read as
16 follows:

17 **470.4 Analysis approved.**

18 The life cycle cost analysis shall be approved by the public
19 agency before contracts for the construction or renovation
20 of a facility or the construction of an addition are let. A
21 public agency may accept a facility design and shall meet
22 the requirements of [this chapter](#) if the design meets the
23 operational requirements of the agency and provides the optimum
24 life cycle cost. The public agency shall retain a copy of the
25 life cycle cost analysis and a statement justifying a design
26 decision both of which shall be available for public inspection
27 at reasonable hours.

28 Sec. 6. Section 470.6, Code 2016, is amended to read as
29 follows:

30 **470.6 Restriction on use of public funds.**

31 Public funds shall not be used for the construction or
32 renovation of a facility or the construction of an addition
33 unless the design for the work is prepared in accordance with
34 this chapter and the actual construction or renovation of
35 the facility or the construction of the addition meets the

1 requirements of the design.

2 Sec. 7. Section 470.7, Code 2016, is amended to read as
3 follows:

4 **470.7 Life cycle cost analysis — approval.**

5 1. The public agency responsible for the new construction
6 or renovation of a public facility or the construction of an
7 addition to a public facility shall submit a copy of the life
8 cycle cost analysis for review by the commissioner who shall
9 consult with the authority. If the public agency is also a
10 state agency under [section 7D.34](#), comments by the authority
11 or the commissioner, including any recommendation for changes
12 in the analysis, shall, within thirty days of receipt of the
13 analysis, be forwarded in writing to the public agency. If
14 either the authority or the commissioner disagrees with any
15 aspects of the life cycle cost analysis, the public agency
16 affected shall timely respond in writing to the commissioner
17 and the authority. The response shall indicate whether the
18 agency intends to implement the recommendations and, if the
19 agency does not intend to implement them, the public agency
20 shall present its reasons. The reasons may include but are
21 not limited to a description of the purpose of the facility or
22 renovation, preservation of historical architectural features,
23 architectural and site considerations, and health and safety
24 concerns.

25 2. Within thirty days of receipt of the response of the
26 public agency affected, the authority, the commissioner, or
27 both, shall notify in writing the public agency affected of
28 the authority's, the commissioner's, or both's agreement
29 or disagreement with the response. In the event of a
30 disagreement, the authority, the commissioner, or both, shall
31 at the same time transmit the notification of disagreement
32 with response and related papers to the executive council
33 for resolution pursuant to [section 7D.34](#). The life cycle
34 cost analysis process, including submittal and approval, and
35 implementation exemption requests pursuant to [section 470.8](#),

1 shall be completed prior to the letting of contracts for the
2 construction or renovation of a facility or the construction
3 of an addition.

4 Sec. 8. Section 470.8, Code 2016, is amended to read as
5 follows:

6 **470.8 Life cycle cost analysis — implementation and**
7 **exemptions.**

8 1. The public agency responsible for the new construction
9 or renovation of a public facility or the construction of an
10 addition shall implement the recommendations of the life cycle
11 cost analysis.

12 2. The commissioner shall adopt rules for the
13 implementation and administration of the life cycle cost
14 analysis. The commissioner, in consultation with the director,
15 shall, by rule, develop criteria to exempt facilities from
16 the implementation requirements of **this section**. Using the
17 criteria, the commissioner, in cooperation with the director,
18 shall exempt facilities on a ~~case-by-case~~ case-by-case basis.
19 Factors to be considered when developing the exemption criteria
20 shall include, but not be limited to, a description of the
21 purpose of the facility or renovation, the preservation
22 of historical architectural features, site considerations,
23 and health and safety concerns. The commissioner and the
24 director shall grant or deny a request for exemption from the
25 requirements of **this section** within thirty days of receipt of
26 the request.

27 Sec. 9. EFFECTIVE UPON ENACTMENT. This division of this
28 Act, being deemed of immediate importance, takes effect upon
29 enactment.

30 DIVISION II

31 HIGH QUALITY JOBS PROGRAM — DEFINITION

32 Sec. 10. Section 15.333, subsection 2, unnumbered paragraph
33 1, Code 2016, is amended to read as follows:

34 For purposes of **this section**, ~~"new investment directly~~
35 ~~related to new jobs created by the project"~~ investment means the

1 cost of machinery and equipment, as defined in section 427A.1,
2 subsection 1, paragraphs "e" and "j", purchased for use in the
3 operation of the eligible business, the purchase price of which
4 has been depreciated in accordance with generally accepted
5 accounting principles, the purchase price of real property and
6 any buildings and structures located on the real property, and
7 the cost of improvements made to real property which is used
8 in the operation of the eligible business. "~~New investment~~
9 ~~directly related to new jobs created by the project~~" investment"
10 also means the annual base rent paid to a third-party developer
11 by an eligible business for a period not to exceed ten years,
12 provided the cumulative cost of the base rent payments for that
13 period does not exceed the cost of the land and the third-party
14 developer's costs to build or renovate the building for the
15 eligible business. The eligible business shall enter into a
16 lease agreement with the third-party developer for a minimum
17 of five years. If, however, within five years of purchase,
18 the eligible business sells, disposes of, razes, or otherwise
19 renders unusable all or a part of the land, buildings, or other
20 existing structures for which tax credit was claimed under this
21 section, the tax liability of the eligible business for the
22 year in which all or part of the property is sold, disposed of,
23 razed, or otherwise rendered unusable shall be increased by one
24 of the following amounts:

25 Sec. 11. Section 15.333A, subsection 2, unnumbered
26 paragraph 1, Code 2016, is amended to read as follows:

27 For purposes of this section, "~~new investment directly~~
28 ~~related to new jobs created by the project~~" investment" means the
29 cost of machinery and equipment, as defined in section 427A.1,
30 subsection 1, paragraphs "e" and "j", purchased for use in the
31 operation of the eligible business, the purchase price of which
32 has been depreciated in accordance with generally accepted
33 accounting principles, the purchase price of real property and
34 any buildings and structures located on the real property, and
35 the cost of improvements made to real property which is used

1 in the operation of the eligible business. *"New investment*
 2 *directly related to new jobs created by the project"* investment
 3 also means the annual base rent paid to a third-party developer
 4 by an eligible business for a period not to exceed ten years,
 5 provided the cumulative cost of the base rent payments for that
 6 period does not exceed the cost of the land and the third-party
 7 developer's costs to build or renovate the building for the
 8 eligible business. The eligible business shall enter into a
 9 lease agreement with the third-party developer for a minimum
 10 of five years. If, however, within five years of purchase,
 11 the eligible business sells, disposes of, razes, or otherwise
 12 renders unusable all or a part of the land, buildings, or other
 13 existing structures for which tax credit was claimed under this
 14 section, the tax liability of the eligible business for the
 15 year in which all or part of the property is sold, disposed of,
 16 razed, or otherwise rendered unusable shall be increased by one
 17 of the following amounts:

18 DIVISION III

19 FEDERAL SMALL BUSINESS PROGRAMS — AUTHORITY ASSISTANCE

20 Sec. 12. Section 15.411, subsection 4, paragraphs a, b, and
 21 c, Code 2016, are amended to read as follows:

22 a. (1) The authority shall establish and administer an
 23 outreach program for purposes of assisting businesses with
 24 applications to the federal small business innovation research
 25 and small business technology transfer programs.

26 (2) The goals of this assistance are to increase the number
 27 of successful ~~phase II small business innovation research~~ grant
 28 and contract proposals in the state, increase the amount of
 29 such grant and contract funds awarded in the state, stimulate
 30 subsequent investment by industry, venture capital, and other
 31 sources, and encourage businesses to commercialize promising
 32 technologies.

33 b. (1) In administering the program, the authority may
 34 provide technical and financial assistance to businesses.
 35 Financial assistance provided pursuant to [this subsection](#)

1 ~~shall~~ may be awarded to a business in an amount not to exceed
2 ~~twenty-five~~ one hundred thousand dollars ~~to for~~ for any single
3 ~~business individual federal award under this subsection.~~

4 (2) The authority may require successful applicants to
5 repay the amount of financial assistance received, but shall
6 not require unsuccessful applicants to repay such assistance.
7 Any moneys repaid pursuant to this subsection may be used to
8 provide financial assistance to other applicants.

9 c. The authority may also provide financial assistance
10 for purposes of helping businesses meet the ~~matching funds~~
11 requirements of the federal small business innovation research
12 and small business technology transfer programs.

13 DIVISION IV

14 ENTERPRISE ZONES

15 Sec. 13. 2014 Iowa Acts, chapter 1130, section 43,
16 subsection 1, is amended to read as follows:

17 1. On or after the effective date of this division of this
18 Act, a city or county shall not create an enterprise zone under
19 chapter 15E, division XVIII, or enter into a new agreement ~~or~~
20 ~~amend an existing agreement~~ under chapter 15E, division XVIII.
21 A city or county and the economic development authority, with
22 the approval of the economic development authority board, may
23 amend an agreement for compliance reasons if the amendment
24 does not increase the amount of incentives awarded under the
25 agreement.

26 EXPLANATION

27 The inclusion of this explanation does not constitute agreement with
28 the explanation's substance by the members of the general assembly.

29 This bill relates to the programs and duties of the
30 economic development authority by modifying life cycle cost
31 analysis provisions relating to public facilities, making
32 technical changes pertaining to the high quality jobs program,
33 modifying economic development authority (authority) assistance
34 provisions related to the federal small business innovation
35 research and small business technology transfer programs, and

1 modifying provisions concerning enterprise zones.

2 Division I of the bill modifies provisions relating to the
3 life cycle analysis required of certain public facilities.
4 The division adds a definition of "addition" and modifies the
5 definitions of "facility" and "renovation" and requires a
6 public agency responsible for the construction or renovation
7 of a facility or the construction of an addition to a facility
8 to include the performance of a life cycle cost analysis as
9 a design criterion on or after the effective date of the
10 division. The division requires a public agency or person
11 preparing a life cycle cost analysis for a public agency to
12 use methodology established, by rule, by the state building
13 code commissioner, rather than methods and analytical
14 models provided by the authority. The division requires the
15 commissioner to also adopt rules for the implementation and
16 adoption of the life cycle cost analysis. The division takes
17 effect upon enactment.

18 Division II of the bill makes technical changes related to
19 the definition of a "new investment" under the high quality
20 jobs program.

21 Division III of the bill relates to the authority's business
22 outreach program, which provides technical and financial
23 assistance to businesses applying for federal small business
24 innovation research and small business technology transfer
25 program grants and contracts.

26 Under current law, the authority is allowed to provide
27 financial assistance of up to \$25,000 to any single business
28 and is allowed to provide such financial assistance as matching
29 funds to allow a business to qualify for either federal
30 program. The division provides that the authority may provide
31 financial assistance of up to \$100,000 to a business for any
32 individual federal award under those programs and that the
33 financial assistance may be used for any purpose to allow a
34 business to meet federal program requirements.

35 Division IV of the bill relates to enterprise zones.

S.F. _____ H.F. _____

1 The division allows a city or county and the authority
2 for compliance reasons to amend agreements made under the
3 enterprise zone program as long as the amendments do not
4 increase the amount of incentives awarded and the economic
5 development authority board approves.